

Malayan Banking (MAY MK)

3Q25: NIM Showing Resilience

Highlights

- Maybank reported 3Q25 net profit of RM2.62b (+3.3% yoy, flat qoq), broadly in line with expectations at 76% of our and consensus full-year estimates.
- Positively, group NIM improved 2bp qoq to 2.02% in 3Q25, driven by better asset-liability management.
- We maintain our HOLD call and target price of RM10.52 (1.18x 2026F P/B, 10.5% ROE). The stock is trading near its historical mean P/B, which we deem as fair, as it reflects modest earnings growth expectations, balanced by healthy provision buffers and an attractive 6% dividend yield.

3Q25 Results

Year to 31 Dec	3Q25 (RMm)	3Q24 (RMm)	yoy % chg	9M25 (RMm)	yoy % chg
Net Interest Income	3,268.0	3,108.3	5.1	9,662.8	2.2
Islamic Banking	2,092.8	2,109.4	(0.8)	6,367.6	0.6
Fees & Commissions	1,068.1	996.3	7.2	2,965.4	2.8
Net insurance income	(642.3)	9.3	(6,971.1)	(694.0)	(7.2)
Net trading income	883.6	281.5	213.9	1,951.4	(19.9)
Other Operating Income	793.5	724.4	9.5	2,607.2	45.3
Total Income	7,463.8	7,229.2	3.2	22,860.4	3.2
Operating Expenses	(3,652.9)	(3,521.8)	3.7	(11,180.9)	3.8
PPOP	3,810.9	3,707.4	2.8	11,679.5	2.7
Provisions	254.4	(376.6)	(167.5)	(553.2)	(54.9)
Writeback/(Impairment)	(608.3)	27.1	(2,345.1)	(701.7)	1,363.4
Associate	49.3	44.3	11.3	187.4	2.2
PBT	3,506.2	3,402.1	3.1	10,612.0	3.2
Net Profit	2,621.4	2,538.3	3.3	7,838.3	3.7
EPS (sen)	21.7	21.04	3.2	64.9	3.6
DPS (sen)	0.0	0.0	n.a.	30.0	3.4
Financial Ratios (%)	3Q25 %	3Q24 %	yoy +/- ppt	2Q25 %	qoq +/- ppt
Loan Growth, yoy	0.6	(0.8)	1.4	(0.1)	0.8
Loan/Deposit Ratio	94.9	96.3	(1.4)	92.7	2.2
Cost/Income Ratio	48.9	48.7	0.2	49.3	(0.3)
ROE	11.2	10.9	0.3	11.3	(0.0)
Gross Impairment Loan Ratio	1.3	1.3	0.1	1.3	0.0
Credit Costs (bp)	(15.0)	22.7	(37.7)	25.0	(40.0)

Source: Maybank, UOB Kay Hian

Analysis

- In line.** Malayan Banking (Maybank) reported 3Q25 net profit of RM2.62b (+3.3% yoy, flat qoq), lifting 9M25 earnings to RM7.84b (+3.7% yoy), broadly in line with expectations at 76% of our and consensus full-year estimates. 9M25 earnings growth of 3.7% yoy was supported largely by a 6% growth in non-interest income while net interest income growth came in a modest 1.6% yoy growth due to NIM slippage.

Key Financials

Year to 31 Dec (RMm)	2023	2024	2025F	2026F	2027F
Net interest income	12,792	12,807	12,797	13,017	13,415
Non-interest income	6,992	8,419	8,718	9,060	9,408
Net profit (rep./act.)	9,350	10,089	10,250	10,516	11,032
Net profit (adj.)	9,350	10,089	10,250	10,516	11,032
EPS (sen)	83.2	89.7	91.2	93.5	98.1
PE (x)	12.0	11.1	10.9	10.6	10.1
P/B (x)	1.2	1.2	1.2	1.1	1.1
Dividend yield (%)	6.0	6.1	6.9	7.1	7.4
Net int margin (%)	2.22	2.17	2.14	2.12	2.13
Cost/income (%)	48.9	48.9	50.6	51.4	52.2
Loan loss cover (%)	120.1	122.4	140.6	140.8	143.5
Consensus net profit	-	-	10,304	10,629	11,234
UOBKH/Consensus (x)	-	-	0.99	0.99	0.98

Source: Maybank, Bloomberg, UOB Kay Hian

HOLD (Maintained)

Share Price	RM9.80
Target Price	RM10.52
Upside	5.8%

Analyst(s)

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Stock Data

GICS Sector	Financials
Bloomberg ticker	MAY MK
Shares issued (m)	12,081.1
Market cap (RMm)	120,086.2
Market cap (US\$m)	28,863.4
3-mth avg daily t'over (US\$m)	28.2

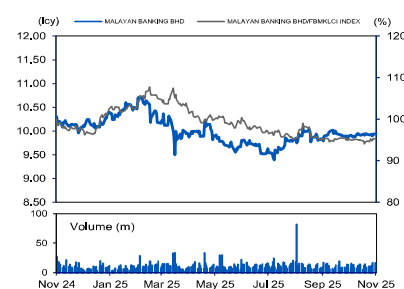
Price Performance (%)

52-week high/low	RM10.76/RM9.32				
	1mth	3mth	6mth	1yr	YTD
	0.4	1.6	(0.6)	(2.5)	(2.9)

Major Shareholders

	%
Amanah Saham Nasional	60.2
Employees Provident Fund Board	11.5
FY25F NAV/Share (RM)	8.64
FY25F CAR Tier -1 (%)	18.0

Price Chart



Source: Bloomberg

Company Description

The largest banking group in Malaysia in terms of asset size. Maybank also has sizeable exposure to foreign markets, with foreign loans, mainly in Singapore and Indonesia, making up 33% of its loan base.

- **3Q25 earnings trend.** 3Q25 earnings rose 3.3% yoy, supported by stronger wealth fees and higher insurance underwriting income, but was partly offset by softer trading income, negative operating JAWS, and mild NIM slippage. Qoq, earnings were broadly flat (-0.3%), as weaker non-interest income (-10.8% qoq) outweighed the uplift from higher net interest income (+1.5% qoq) and a 25% qoq decline in impairment charges.
- **NIM held up well despite OPR cut.** Group NIM improved 2bp qoq to 2.02% in 3Q25, driven by better asset-liability management, while ytd NIM stood at 2.03%. Management now guides for stable 2025 NIM (previously: slight compression), helped by strong CASA growth (annualised: +12.2% yoy) and proactive funding optimisation by releasing expensive FDs given improving LCR/NSFR to 141.2% and 117.9%, respectively.
- **Asset quality remains fairly stable.** Group GIL ratio inched up to 1.32% (2Q25: 1.30%) due to a new impairment from a Malaysian corporate borrower, while retail SME - which drove last quarter's increase - improved with a 33bp qoq decline.
- **Lower net credit cost.** The net credit charge-off rate improved to 11bps for 9M25 (9M24: 26bp), reflecting provision reclassification from loans to securities following the completion of a major restructuring and stronger recoveries. Loan-loss coverage remained healthy at 110% (pre-COVID-19 average: 80%). Management overlays increased to RM2.5b (from RM2.0b), as a buffer from any potential asset quality risk from selected portfolios, including potential spillover from US tariffs, with 63% allocated to retail/SME and 37% to commercial and corporate borrowers.
- **2025 targets remain on track.** Management's key 2025 guidance are: a) ROE: >11.3%, b) loans growth: +~3%, c) net credit cost below 30bp, d) NIM: Stable vs previous guidance of a slight compression and e) cost-to-income ratio of less than 49%.

Valuation/Recommendation

- **Maintain HOLD with a target price of RM10.52 (1.18x 2026F P/B, 10.5% ROE).** The stock is currently trading at its historical mean P/B which we deem to be fair as ROE output is broadly in line with its historical mean levels. Its attractive dividend yield of 6% provides downside support.

Earnings Revision/Risk

- No revision to earnings.

Share Price Catalyst

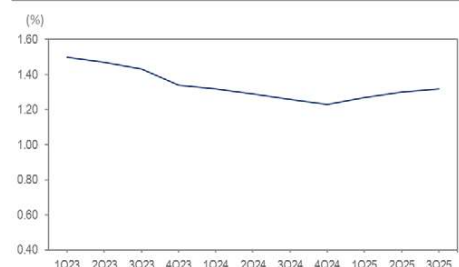
- Stronger-than-expected trading and wealth management income.
- Stronger-than-expected NIM trend.

Key Assumptions

(%)	2025F	2026F	2027F
Loan Growth	5.5	6.0	6.0
Credit Cost (bp)	23.0	23.0	20.0
ROE	10.6	10.5	10.8

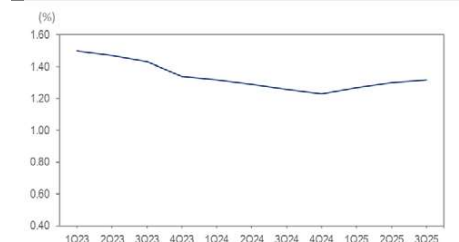
Source: Maybank

NIM Trend



Source: Maybank

Gil Ratio Trend



Source: Maybank

Environmental Social Governance (ESG) Updates

Environmental

- **Green loan commitment.** To provide RM50b in sustainable financing by 2025.
- **Zero new coal financing.** Transition all stakeholders to zero carbon emission by 2050.

Social

- **Board and upper management gender diversity.** Maintained 25% female directors on the Board and 40% females in senior management.
- **Enhanced financial inclusion to B40.** Provide greater financial inclusion for vulnerable communities (affordable housing financing) and welfare assistance to vulnerable communities, especially the B40 consumers.

Governance

- **Composition of independent directors.** Composition of Independent Directors (INED) – 75%.

Source: Maybank, UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Interest income	32,770	32,983	34,652	36,218
Interest expense	(19,962)	(20,186)	(21,635)	(22,803)
Net interest income	12,807	12,797	13,017	13,415
Fees & commissions	3,830	3,983	4,183	4,392
Other income	4,588	4,735	4,878	5,016
Non-interest income	8,419	8,718	9,060	9,408
Income from islamic banking	8,346	9,098	9,916	10,809
Total income	29,573	30,612	31,994	33,632
Staff costs	(8,596)	(9,456)	(10,212)	(11,132)
Other operating expense	(5,864)	(6,043)	(6,230)	(6,423)
Pre-provision profit	15,112	15,113	15,551	16,077
Loan loss provision	(1,671)	(1,633)	(1,723)	(1,580)
Other provisions	24	0	0	0
Associated companies	236	250	266	281
Other non-operating income	0	0	0	0
Pre-tax profit	13,702	13,731	14,094	14,778
Tax	(3,195)	(3,196)	(3,287)	(3,440)
Minorities	(418)	(284)	(292)	(306)
Net profit	10,089	10,250	10,516	11,032
Net profit (adj.)	10,089	10,250	10,516	11,032

Balance Sheet

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Cash with central bank	15,740	17,167	21,298	22,470
Govt treasury bills & securities	50,531	51,541	52,572	53,623
Interbank loans	13,472	22,275	22,498	22,723
Customer loans	628,923	662,741	697,099	735,277
Investment securities	215,385	202,223	216,619	232,006
Derivative receivables	21,648	23,418	23,418	23,418
Associates & JVs	2,106	1,858	1,858	1,858
Fixed assets (incl. prop.)	3,945	3,740	3,927	4,123
Other assets	75,927	90,362	95,704	101,531
Total assets	1,027,675	1,075,323	1,134,993	1,197,028
Interbank deposits	44,677	47,051	48,463	49,917
Customer deposits	696,835	741,897	782,702	825,750
Derivative payables	25,083	27,494	27,494	27,494
Debt equivalents	12,975	12,735	12,735	12,735
Other liabilities	150,457	148,937	162,989	177,039
Total liabilities	930,026	978,115	1,034,382	1,092,935
Shareholders' funds	94,642	93,971	97,090	100,280
Minority interest - accumulated	3,007	3,237	3,521	3,814
Total equity & liabilities	1,027,675	1,075,322	1,134,993	1,197,028

Operating Ratios

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Capital Adequacy				
Tier-1 CAR	16.1	18.0	17.6	17.3
Total CAR	19.0	23.2	22.6	22.1
Total assets/equity (x)	11.4	11.6	11.9	12.1
Tangible assets/tangible common equity (x)	12.2	12.5	12.7	13.0
Asset Quality				
NPL ratio	1.2	1.3	1.3	1.3
Loan loss coverage	122.4	140.6	140.8	143.5
Loan loss reserve/gross loans	1.8	1.8	1.8	1.8
Increase in NPLs	(3.2)	9.7	6.7	3.3
Credit cost (bp)	24.8	23.0	23.0	20.0
Liquidity				
Loan/deposit ratio	89.3	89.1	89.0	89.0
Liquid assets/short-term liabilities	11.5	11.6	11.3	11.0
Liquid assets/total assets	8.5	8.5	8.3	8.1

Key Metrics

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Growth				
Net interest income, yoy chg	0.1	(0.1)	1.7	3.1
Fees & commissions, yoy chg	9.0	4.0	5.0	5.0
Pre-provision profit, yoy chg	8.2	0.0	2.9	3.4
Net profit, yoy chg	7.9	1.6	2.6	4.9
Net profit (adj.), yoy chg	7.9	1.6	2.6	4.9
Customer loans, yoy chg	5.4	5.2	5.5	5.5
Customer deposits, yoy chg	6.5	5.5	5.5	5.5
Profitability				
Net interest margin	2.17	2.14	2.12	2.13
Cost/income ratio	48.9	50.6	51.4	52.2
Adjusted ROA	1.0	0.9	0.9	0.9
Reported ROE	10.7	10.6	10.5	10.8
Adjusted ROE	10.7	10.6	10.5	10.8
Valuation				
P/BV (x)	1.2	1.2	1.1	1.1
P/NTA (x)	1.3	1.2	1.2	1.2
Adjusted P/E (x)	11.1	10.9	10.6	10.1
Dividend Yield	6.1	6.9	7.1	7.4
Payout ratio	68.0	75.0	75.0	75.0

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